WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Audit Report 2013

Betsi Cadwaladr University Local Health Board

Issued: March 2014

Document reference: 105A2014

Status of report

This document has been prepared for the internal use of Betsi Cadwaladr University Local Health Board as part of work performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.

No responsibility is taken by the Wales Audit Office (the Auditor General and his staff) in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales (and, where applicable, his appointed auditor) is a relevant third party. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@wao.gov.uk.

The team who prepared this report comprised Mike Usher, David Thomas, Mandy Townsend and Matthew Edwards.

Contents

Summary report

1. This report summarises my findings from the audit work I have undertaken at Betsi Cadwaladr University Local Health Board (the Health Board) during 2013. My conclusions on governance arrangements at the Health Board are drawn from my Structured Assessment work and represent the position at the time of that work in October 2013.

2. The work I have done at the Health Board allows me to discharge my responsibilities under the Public Audit (Wales) Act 2004 (the 2004 Act) in respect of the audit of accounts and the Health Board's arrangements to secure efficiency, effectiveness and economy in its use of resources.

3. My audit work has focused on strategic priorities as well as the significant financial and operational risks facing the Health Board, and which are relevant to my audit responsibilities. More detail on the specific aspects of my audit can be found in the separate reports I have issued during the year. These reports are discussed and their factual accuracy agreed with officers and presented to the Audit Committee. The reports I have issued are shown in Appendix 1.

4. This report has been agreed for factual accuracy with the Chief Executive and the Director of Finance. It was presented to the board meeting on 27 March 2014 and a copy provided to every member of the Health Board. We strongly encourage wider publication of this report by the Health Board. Following board consideration, the report will also be made available to the public on the Wales Audit Office's own website (www.wao.gov.uk).

5. The key messages from my audit work are summarised under the following headings.

Section1: Audit of accounts

6. I have issued an unqualified opinion on the 2012-13 financial statements of the Health Board, although in doing so I have brought several issues to the attention of officers and the Audit Committee. These relate to improving internal controls and accounting practices for complying with Standing Financial Instructions (SFIs) and the accounting treatment of legacy lease arrangements transferred from predecessor bodies.

7. I have also concluded that:

- the Health Board's accounts were properly prepared and materially accurate;
- the Health Board had an effective control environment to reduce the risks of material misstatements to the financial statements; and
- the Health Board's significant financial and accounting systems were appropriately controlled and operating as intended although there are some weaknesses which require management action.

8. The Health Board achieved financial balance at the end of 2012-13, having received additional in-year resource funding from the Welsh Government of £15 million in November 2012, and delivered a range of cost reductions of £49.1 million. Whilst this was a significant achievement, this was someway short of the savings of £74.5 million for the year needed to deliver the recurrent financial sustainability target, as the Health Board failed to identify and deliver sufficient cost improvement savings.

Section 2: Arrangements for securing efficiency, effectiveness and economy in the use of resources

9. I have reviewed the Health Board's arrangements for securing efficiency, effectiveness and economy in the use of its resources. My Structured Assessment work has examined the robustness of the Health Board's financial management arrangements and the adequacy of its governance arrangements, including quality governance and arrangements for measuring and improving patient/user experience. Performance audit reviews have also been undertaken on specific areas of service delivery. This work has led me to draw the following conclusions:

The Health Board will fail to achieve financial balance in 2013-14 unless fundamental action is taken before the end of the financial year

10. Key findings from my review of the Health Board's financial management arrangements are as follows:

- last year I reported that whilst the Health Board achieved financial balance in 2012-13, the approach adopted was not sustainable, with actual savings of £49.1 million being achieved compared to a target of £74.5 million;
- projected cost savings are not being achieved and the Health Board is predicting a deficit of £9 million at the end of 2013-14 despite receiving additional Welsh Government funding of £26 million;
- the Health Board's medium-term financial position is very difficult indeed and there are a number of significant challenges ahead if the Health Board is to achieve a financial balance in 2014-15 and 2015-16; and
- the Health Board achieved its capital financial target for 2012-13, but Internal Audit reported opportunities to further improve the management of the Ysbyty Glan Clwyd Refurbishment capital scheme.

The Health Board has a number of fundamental issues that need to be addressed in order to strengthen its governance arrangements

11. I reported jointly with Healthcare Inspectorate Wales (HIW) in June 2013 on fundamental concerns with governance and management at the Health Board, and as a result a number of changes occurred at board level. The board publically recognised the extent of the fundamental challenges it faces, and put an action plan in place intended to address the issues identified in our joint report.

12. My team undertook a high-level review of progress as part of my work on Structured Assessment. I found that while there are some positive developments, there remain a number of fundamental issues and significant challenges which the organisation still needs to resolve. Because the issues are so fundamental, I recognise this will take time, and my team and HIW will formally follow up our joint review in 2014.

13. In addition, I found the Health Board recognises its arrangements to capture learning from feedback are inadequate, and is in the early stages of developing a way forward. Further work is needed to strengthen the Health Board's quality governance processes.

My other performance audit work has identified scope to secure improvements in the use of resources in specific areas

14. The Health board's performance against a range of quality, accessibility and efficiency indicators is variable. In particular, poor performance on hospital-acquired infections and on referral to treatment times are receiving urgent attention.

15. The Health Board has set a clear short-term agenda for primary care prescribing, with arrangements for the management of prescribing support providing a foundation for an integrated approach across sectors. However, the lack of a longer-term strategic plan for these services limits the potential to focus the use of resources so that clear opportunities to improve the safety, quality and economy of prescribing can be achieved.

16. The Health Board has made steady and sustained improvement against issues identified in previous Information Management and Technology (IM&T) audit work, although less progress has been secured against audit recommendations in other areas.

17. The assistance and cooperation of the Health Board's staff and members during the audit is gratefully acknowledged.

Detailed report

About this report

18. This Annual Audit Report to the board members of the Health Board sets out the key findings from the audit work that I have undertaken between December 2012 and December 2013.

19. My work at the Health Board is undertaken in response to the requirements set out in the 2004 Act. That act requires me to:

a) examine and certify the accounts submitted to me by the Health Board, and to lay them before the National Assembly;

b) satisfy myself that the expenditure and income to which the accounts relate have been applied to the purposes intended and in accordance with the authorities which govern it; and

c) satisfy myself that the Health Board has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

20. In relation to (c), I have drawn assurances or otherwise from the following sources of evidence:

- the results of audit work on the Health Board's financial statements;
- work undertaken as part of my latest Structured Assessment of the Health Board, which examined the arrangements for financial management, governance and accountability, and use of resources;
- the Health Board's self-assessment against the Governance and Accountability module of the Standards for Health Services in Wales;
- performance audit examinations undertaken at the Health Board;
- the results of the work of other external review bodies, where they are relevant to my responsibilities; and
- other work, such as data-matching exercises and certification of claims and returns.

21. I have issued a number of reports to the Health Board this year. The messages contained in this Annual Audit Report represent a summary of the issues presented in these more detailed reports, a list of which is included in Appendix 1.

22. The findings from my work are considered under the following headings:

- audit of accounts; and
- arrangements for securing economy, efficiency and effectiveness in the use of resources.

23. Appendix 2 presents the latest estimate on the audit fee that I will need to charge to cover the actual costs of undertaking my work at the Health Board, alongside the original fee that was set out in the Annual Audit Outline.

24. Finally, Appendix 3 sets out the financial audit risks highlighted in my Annual Audit Outline for 2013 and how they were addressed through the audit.

Section 1: Audit of accounts

25. This section of the report summarises the findings from my audit of the Health Board's financial statements for 2012-13. These statements are the means by which the organisation demonstrates its financial performance and sets out its net operating costs, recognised gains and losses, and cash flows. Preparation of an organisation's financial statements is an essential element in demonstrating appropriate stewardship of public money.

26. In examining the Health Board's financial statements, I am required to give an opinion on:

- whether they give a true and fair view of the financial position of the Health Board and of its income and expenditure for the period in question;
- whether they are free from material misstatement – whether caused by fraud or by error;
- whether they are prepared in accordance with statutory and other applicable requirements, and comply with all relevant requirements for accounting presentation and disclosure;
- whether that part of the Remuneration Report to be audited is properly prepared; and
- the regularity of the expenditure and income.

27. In giving this opinion, I have complied with my Code of Audit Practice and the International Standards on Auditing (ISAs).

28. In undertaking this work, auditors have also examined the adequacy of the:

- Health Board's internal control environment; and
- financial systems for producing the financial statements.

I have issued an unqualified opinion on the 2012-13 financial statements of the Health Board, although in doing so, I brought several issues to the attention of officers and the Audit Committee

The Health Board's accounts were properly prepared and materially accurate

29. The draft 2012-13 financial statements (incorporating the Welsh Risk Pool financial statements to 31 May 2012) were submitted on a timely basis to meet the 3 May 2013 deadline. The draft financial statements were prepared to a high standard and were supported by comprehensive working papers. There was also clear evidence that the financial statements had been subject to internal quality assurance checks, including a comprehensive analytical review and a report summarising the major judgements and estimates.

30. My team has continued to work closely with Health Board finance staff throughout the year to ensure potential issues are identified and resolved in a timely manner.

31. I am required by ISA 260 to report issues arising from my work to those charged with governance before I issue my audit opinion on the accounts. My Financial Audit Engagement Lead reported these issues to the Health Board's Audit Committee on 6 June 2013.

32. My report highlighted that a number of misstatements in the draft financial statements had been corrected by management. Exhibit 1 summarises the key issues set out in that report.

Exhibit 1: Issues identified in the Audit of Financial Statements Report

Issue	Auditors' comments
The draft Annual Governance Statement (AGS) required significant amendment to adequately reflect emerging issues undermining the effective governance of the Health Board	The Health Board was proactive in drafting early versions of the AGS, but the final draft version was not prepared until 21 May 2013. The final draft required significant amendment to adequately reflect the emerging issues undermining the effective governance of the Health Board arising from the joint HIW and Wales Audit Office governance arrangements review. The AGS was subsequently amended and I concluded that it was prepared in accordance with HM Treasury's and Welsh Ministers' guidance.
The accounting treatment of legacy lease arrangements transferred from predecessor bodies	An impairment review of the Fron Heulog School of Nursing, Bangor University concluded that land and buildings previously valued at £5.5 million was incorrectly included in the fixed asset register as it was not owned by the Health Board. The land and building attributable to the asset was subsequently impaired to a nil value, effectively removing it from the balance sheet. I established that the impairment reflected the peppercorn lease arrangements entered into in 1994 between Bangor University and the (then) Gwynedd Health Authority. Due to it being a legacy issue, only limited information was available to support the basis of the lease arrangements and also the associated Health Board income of £210,000 that is paid annually by Bangor University. I concluded that the financial statements were not materially misstated but recommended that the Health Board review the accounting treatment of Fron Heulog and other legacy arrangements to ensure full and appropriate disclosure in the 2013-14 financial statements and beyond.
Health Board's SFIs were breached on a number of occasions during the year	I am satisfied that none of the breaches either individually or in totality adversely impact upon the regularity opinion. However, I reported concerns that failures to adhere to SFIs undermined the effectiveness of the Health Board's governance, whilst acknowledging that the breaches were detected by the Finance department's controls. More detailed information of the breaches identified as summarised in paragraphs 34 and 35.

33. As part of my financial audit, I also undertook the following reviews:

- **Whole of Government Accounts return** for 2012-13 – I concluded that the counterparty consolidation information was consistent with the financial position of the Health Board at 31 March 2013 and that the return had been prepared to a good standard, in line with the required timescales and in accordance with the Treasury's instructions. This was a significant achievement given the changes in the reporting requirements for 2012-13 and the delayed guidance from HM Treasury.
- **Summary Financial Statements and Annual Report** for 2012-13 – I concluded that the summary statements were consistent with the full statements and that the full Annual Report was largely compliant with Welsh Government guidance.

34. The Health Board's draft 2012-13 charitable financial statements were prepared in May 2013. The earlier preparation of the draft financial statements built on the early closure arrangements established by the Health Board in the previous year. I issued an unqualified opinion on the charitable financial statements on 13 September 2013, following receipt of delayed external confirmation letters in August 2013.

The Health Board had an effective control environment to reduce the risks of material misstatements to the financial statements, although there are some areas for improvement and its Standing Financial Instructions were breached on a number of occasions during the year

35. Following my review of the Audit and Assurance Service provided by the NHS Wales Shared Services Partnership, I concluded that the Audit and Assurance Service met the 2009 Internal Audit Standards for the NHS in Wales and that there are some key areas where improvements are required to achieve further consistency. The new Internal Audit Charter was adopted by the Audit Committee on 6 December 2012 and other planned developments are already underway which will further improve the service provided to health bodies in Wales. This includes the preparation of an Internal Audit Quality Manual, on an all-Wales basis.

36. The work that I have undertaken supports the external auditor's opinion on the financial statements. This does not constitute an assessment of Internal Audit under the new Public Sector Internal Audit Standards (PSIAS). Under PSIAS (which came into effect on 1 April 2013) organisations are required, every five years, to conduct an external assessment of Internal Audit. This goes beyond the work that external audit undertakes to place reliance upon, or take assurance from, the work of Internal Audit.

37. In its Annual Report for 2012-13, Internal Audit reported that the Health Board 'can take limited assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively'. During the year, Internal Audit issued one 'no assurance' and a number of 'limited assurance' reports which impacted on its overall annual opinion. Significant areas for improvement were identified in respect of compliance with the Equalities Act 2010, Risk Management arrangements – delivering the Risk Management Strategy, Statutory and Mandatory Training and Enhanced Community Residential Services. For the key financial systems, however, Internal Audit confirmed that a generally sound system of internal control was in place.

38. During the year, I was also made aware of a number of expenditure commitments which appeared to breach the Health Board's SFIs, following the introduction of a 'No Purchase Order: No Pay' policy as part of the Health Board's gradual strengthening of its financial arrangements.

39. As a consequence, I conducted a joint investigation with the NHS Wales Shared Services Partnership Internal Audit Service at the request of the Health Board's Audit Committee. The investigation concluded that the Health Board had breached the requirements of its SFIs for expenditure totalling £96,639.20. This covered three suppliers of external consultancy and support services. In addition, as part of the service change consultation process, auditors identified one supplier where the Chief Executive authorised engagement of the services without due process. In addition, the Health Board was close to breaching the OJEU procurement threshold for one contract, although in response to my report it confirmed that no further work would be undertaken by the supplier to avoid a breach of the threshold. Health Board management accepted all of my recommendations to strengthen arrangements for ensuring full compliance with its SFIs, and I will follow up progress in 2014.

The Health Board's significant financial and accounting systems were appropriately controlled and operating as intended, although there are some system weaknesses which require management action

40. I did not identify any material weaknesses in the Health Board's significant financial and accounting systems which would impact on my opinion. There were a number of detailed issues arising from my financial audit work and these were reported to the Director of Finance in September 2013.

41. In particular, the Health Board continues to have a large number of payroll overpayments made to employees during the year (both former and current employees). The Health Board has recognised that further work is needed to reduce this further. In addition, the level of payroll overpayments is regularly monitored by Health Board management and is reported to the Audit Committee. The Health Board has reported to the Audit Committee that it is proactively working with the NWSSP to resolve the issues that give rise to the payroll overpayments and to reducing any repayment periods.

42. Internal Audit also reported a number of system weaknesses which require ongoing management action. Action plans have been developed to strengthen the control weaknesses identified in these reports and progress is regularly scrutinised by the Audit Committee.

The Health Board achieved financial balance at the end of 2012-13, but only as a result of additional non-recurring funding from the Welsh Government and other mechanisms including

43. The Health Board met its statutory break even duty for 2012-13 despite facing significant financial pressures. Having forecast a multimillion pound deficit throughout the year to February 2013, the Health Board underspent by £5,000 against its 2012-13 final resource limit of £1.257 billion. I comment further on the Health Board's financial management in Section 2.

Section 2: Arrangements for securing efficiency, effectiveness and economy in the use of resources

44. I have a statutory requirement to satisfy myself that NHS bodies have proper arrangements in place to secure efficiency, effectiveness and economy in the use of their resources. I have undertaken a range of performance audit work at the Health Board over the last 12 months to help me discharge that responsibility. This work has involved:

- reviewing the Health Board's financial management arrangements, including the progress being made in delivering cost-saving plans and their contribution to achieving financial balance;
- assessing the effectiveness of the Health Board's governance arrangements through a joint governance review with HIW, published in June 2013, and my Structured Assessment work, with a particular emphasis on quality governance and the robustness of arrangements for assessing patient/user experience; and
- specific use of resources work on primary care prescribing, and performance against key service targets for service efficiency, quality and access.

45. The main findings from this work are summarised under the following headings.

The Health Board will fail to achieve financial balance in 2013-14 unless fundamental action is taken before the end of the financial year

Last year I reported that whilst the Health Board achieved financial balance in 2012-13, the approach adopted was not sustainable, with actual savings of £49.1 million being achieved compared to a target of £74.5 million

46. The NHS in Wales has faced significant financial challenges over recent years with 'flat cash' settlements and increased demand on services. The Health Board's budget-setting process for 2012-13 was delayed, protracted and failed to identify sufficient cost reductions to deliver a balanced and agreed budget by the end of March 2013.

47. The Health Board achieved its financial target for the year, following receipt of additional revenue funding of £15 million from the Welsh Government in November 2012. The Health Board managed to contain its 2012-13 expenditure within its annual resource limit after receiving its £15 million share of an additional £83 million in-year resource funding provided to NHS Wales by the Welsh Government to 'allow the NHS to manage current pressures and maintain quality of care'. The Health Board also monitored and reassessed its financial position and forecasts throughout the year, achieving savings of £49.1 million (against the £74.5 million required). Whilst this was the highest level of savings achieved by any Welsh health board in 2012-13, only £35 million of the achieved savings were recurrent and some £25.4 million of targeted savings were not delivered. Some of the cost-reduction targets were unrealistic, aspirational and were not clearly linked to service delivery or workforce and capacity plans. Furthermore:

- the cost reductions that were identified as part of the budget-setting process were insufficient to bridge the financial gap the Health Board was projecting;
- the Health Board implemented a number of additional initiatives to achieve financial balances including identifying 'executive savings schemes' encompassing inter Clinical Programme Group (CPG) areas, however Internal Audit highlighted that these schemes 'posed a risk to the overall delivery of savings targets as in some cases they duplicated CPGs and Corporate Support Function schemes'; and
- £14.1 million of the cost reductions were identified as non-recurrent, including fortuitous gains and technical accounting gains, and do not represent a sustainable approach to reducing the organisation's cost base.

48. Because of the concerns regarding the Health Board's accountability arrangements and the ability of its management and governance arrangements to address financial management difficulties, two separate external reviews were commissioned on the Health Board during 2012. Both reviews highlighted that the Health Board's financial challenges were being significantly exacerbated by insufficient savings plans being identified at the start of the financial year and the subsequent under-delivery of savings targets.

Projected cost savings are not being achieved and the Health Board is predicting a deficit of £9 million at the end of 2013-14, despite receiving additional Welsh Government funding of £26 million

49. The Health Board's financial outlook in 2013-14 and beyond highlights unprecedented challenges in order to deliver a balanced budget in the future. Detailed budget planning was undertaken on a timely basis with the board approving the 2013-14 Financial Plan in March 2013 but, as in 2012-13, there were significant delays in obtaining budget holder agreement as to their 2013-14 budgets, with five out of 23 CPG and corporate budgets yet to be finalised. The Health Board's acceptance of 'caveated' budgets was severely criticised by the Public Accounts Committee in its December 2013 report[1], and this poor practice undermines the effective operation of the Health Board's budget allocation, financial monitoring and internal accountability processes.

50. The Financial Plan quantified the financial challenge for 2013-14 to be £78.05 million (6.5 per cent of the 2013-14 budget) in order to achieve its 2013-14 annual resource limit. At the end of September, the Health Board was projecting a year-end deficit of £29.0 million. The Health Board's £26 million share of additional in-year Welsh Government funding received in October 2013 should have largely addressed the projected deficit. However, the Health Board reported a projected year-end deficit of £9.0 million at 30 November 2013.

51. The Health Board restated its financial position following the receipt of the additional in-year Welsh Government funding with a revised year-to-date overspend of £7.7 million at 30 November 2013. The Health Board is behind on delivering its planned cost reductions and is still reporting a planned deficit at the end of the year. To date, cash-releasing savings of £25.7 million have been delivered compared to identified savings of £39.84 million. There remain significant financial pressures in Primary, Community and Specialist Medicine, Surgery and Dental and Women's Services CPGs.

52. Delivering the Financial Plan in the remaining three months of 2013-14 requires significant action. To help meet the challenge, the Health Board appointed Deloitte to undertake a review during the Autumn 2013 to identify new savings opportunities. The themes identified by the Deloitte review are being assessed by the Health Board to understand the improvements that can be realised. Additional mitigating actions are also being implemented to identify additional savings, such as providing additional turnaround support to CPGs and Delivery Board challenge, but the Health Board's delivery of its Financial Plan for 2013-14 is at considerable risk.

[1] *Governance Arrangements at Betsi Cadwaladr University Health Board*, Public Accounts Committee, 10 December 2013

The Health Board's medium-term financial position is very difficult indeed and there are a number of significant challenges ahead if the Health Board is to achieve a financial balance in 2014-15 and 2015-16

53. The Health Board's Medium-Term Financial Plan to 2015-16 sets out a projected financial gap from 2013-14, growing to over £160 million by 2015-16. This quite starkly illustrates that the Health Board's current service model is not financially sustainable within the flat cash funding environment that exists with NHS Wales, and urgent action is needed to move the organisation to a more financially sustainable and stable position.

54. As an immediate challenge, further work is required by the Health Board to fully integrate and deliver service, workforce and financial plans. Whilst the existing Operational Plan refers to an integrated approach, in reality individual plans are not always fully integrated or affordable. The Health Board is producing a new three-year Operational Plan to run from April 2014-2017. At the time of the Structured Assessment fieldwork, this lacked clarity on what the impact of any service changes will be in terms of outcomes, staff numbers, staff roles and responsibilities, and cost or savings.

The Health Board achieved its capital financial target for 2012-13, but Internal Audit reported opportunities to further improve the management of the Ysbyty Glan Clwyd Refurbishment capital scheme

55. The Health Board achieved its capital financial target of 2012-13, and unlike a number of other health boards in Wales it did not require additional funding from the Welsh Government close to the financial year-end.

56. Internal Audit undertook a review of the Ysbyty Glan Clwyd Refurbishment capital scheme considering a number of themes including governance arrangements, service planning, and cost management arrangements. Internal Audit reported a number of areas for improvement to further strengthen its arrangements for managing the capital scheme. These included the frequency of Programme Board meetings and reporting to Quality and Safety (Q&S) Committee and strengthening cost monitoring and reporting, although it was acknowledged that this had since been addressed by the Health Board and the Cost Adviser.

The Health Board has a number of fundamental issues that need to be addressed in order to strengthen its governance arrangements

My joint review with Healthcare Inspection Wales published in June 2013, highlighted fundamental concerns with the Health Board's governance arrangements

57. In June 2013, I published a joint report with HIW, *An Overview of Governance Arrangements of Betsi Cadwaladr University Health Board* (our joint review[2]). The joint review was the culmination of growing concerns over the preceding 12 months and identified a number of fundamental concerns with the Health Board's governance arrangements and organisational structure that were compromising its ability to identify problems that may arise with the Q&S of patient care. In particular, we found that:

- The way in which the board operated needed to be improved in order to support more effective scrutiny and decision making.
- Governance arrangements and procedures did not adequately address 'the gap between the ward and the board', and may even be contributing to it; this was demonstrated by the investigations into the *Clostridium Difficile* outbreak at Ysbyty Glan Clwyd. These investigations highlighted inconsistencies across the Health Board in the procedures for recording, identifying and reporting deaths where *C. Difficile* was an underlying or contributory factor.
- Problems with the Health Board's organisational structure, based around CPGs, had been evident for some time as a result of the imbalance in size of different CPGs and the shortcomings in connectivity between CPGs, geographical hospital sites and the executive team; these had been exacerbated by weaknesses in the arrangements to hold CPGs to account.
- The effectiveness of the board had been significantly compromised by a breakdown in working relationships between some senior leaders in the organisation. There was a lack of cohesion in the way the executive directors work together, and wider concerns about the stability and capacity of the executive team as a result of staff turnover and sickness absence.
- In the absence of clear proposals for the future shape of acute services, the Health Board was dealing with immediate concerns about the viability of medical rotas across its three sites, and the very real concern that the Health Board's current service model is neither clinically nor financially sustainable.
- The Health Board needed additional turnaround capacity to help it address the challenges set out above.

[2] *An Overview of Governance Arrangements*, Betsi Cadwaladr University Health Board www.wao.gov.uk/reportsandpublications/reportsandpublications.asp

The board publically recognised the extent of the challenges it faces, and put an action plan in place intended to address the issues identified in our joint report

58. The Health Board's Chair and Vice Chair announced their intention to stand down following the publication of the report and there was a full and public acceptance of the joint review findings by the board at its meeting in July 2013 together with the approval of a detailed action plan aimed at tackling the issues identified. A Governance and Leadership Delivery team was established to take forward the action plan, and additional management and leadership support from other NHS bodies in Wales was drafted in to support the change process in the lead up to a new Chairman taking up post in October 2013. There have also been other senior interim appointments to strengthen organisational capacity.

59. Whilst the action plan produced in response to the joint review report was comprehensive, progress on several of the substantive issues identified by the review has been curtailed as a result of uncertainty over the position of the Chief Executive. This has, however, recently been resolved and the board will now need to move swiftly to recruit a new Chief Officer.

While there are some positive developments, there remain a number of fundamental issues and significant challenges which the organisation still needs to resolve. Because the issues are so fundamental, I recognise this will take time.

60. I have used my Structured Assessment work to help gauge the progress that the Health Board is making in response to some of the key challenges identified in the joint review. I found evidence of developments around board administration. The board development programme is now underway, and is jointly owned by independent members and executives. This is supported by a new structure to agendas for Board and committee meetings and a refreshed forward programme. Basic ground rules for behaviours and papers have been agreed, with clear (and applied) new rules on timeliness, completeness, formats and standards for board and committee papers. There has been a commitment from the executive team to ensure that papers are distributed well in advance of meetings to support effective scrutiny, and all papers available on the intranet for board members. This is starting to show in quality of board papers, and the improved quality of discussion, scrutiny and challenge at my most recent observations. The Q&S Committee demonstrates clear commitment to improvement, and has commissioned a fundamental review of supporting structures.

61. But I also found that some significant issues remain. In particular, a number of key board roles remain interim, and a longer-term programme of board development will be required as new senior leaders take up permanent posts. Independent member capacity is stretched, both as a result of turnover in key roles, and for the challenge ahead. The Q&S agenda is extensive and will take time to fully resolve. Some management processes also need reviewing. For example at the time of my fieldwork the audit recommendations log did not include recommendations from our joint review, and the issue of colocation of senior leaders needs to be addressed to support cohesive working amongst the executive team. There is still a reliance on the use of videoconferencing for board committee meetings and I am concerned that this is not conducive to effective committee working.

62. Although management information continues to develop, with an expanding range of detailed information (improving month on month), key gaps remain, in particular on primary care and commissioned services. There are plans to cover these gaps in 2014. Importantly, management reports remain focused on explanations of problems rather than on action to improve.

63. My team identified some positive progress on capacity and leadership issues, in particular on building capacity around the executive team. The revised executive responsibilities for clinical governance, new people and added capacity in senior management team, allow additional time for key responsibilities at board level, and the agreement with Bangor University to jointly appoint a new Director of Therapies and Healthcare Science will increase capacity further once appointed.

64. I noted particular progress around developing proposals to revise Q&S management and assurance mechanisms. Staff engagement events are underway, with a clear action plan from the staff survey, intended to refresh vision, commitment and values with staff. The early communications from the acting Chief Executive and new Chair set the correct tone of transparency and commitment to patients.

65. But I found limited progress on a number of other fundamental issues. As stated earlier the drawn out uncertainty over the position of the Chief Executive significantly hampered progress with key operational issues. The clinical management structure or CPG review remains on hold until the new Chief Executive is appointed, but the clinical leadership model requires clarity quickly. And although the Interim Chief Operating Officer is now in place the hospital site management arrangements remain interim, and at time of my Structured Assessment fieldwork, site managers still had no agreed job descriptions or objectives. My concerns remain around capacity at CPG level, despite 'operational turnaround' support in the two largest CPGs. The Primary Community and Specialist Medicine support is achieving some of its objectives, but the Surgery and Dental CPG support did not achieve its intended outcomes, and has now been withdrawn. It is also of significant concern that changes to middle management structures as a result of the 2009 NHS reconfiguration process are still not completed in some areas of the Health Board.

66. The Health Board revised its accountability framework early in 2013, however, the impact of these revisions is not immediately obvious and the Health Board will need to demonstrate that its accountability framework is working in practice throughout the organisation in order to provide assurance that the required improvements to governance arrangements are being delivered.

67. The significant challenges identified in relation to the development of a coherent strategy for the future shape of acute hospital services still remain. The Acute Services Strategy has rightly expanded into an Integrated Service Strategy. However, the timeline has extended, with decision points in late 2014 and implementation in 2015. This timescale is partly a reflection of the fact that it would be counterproductive to enter into public consultation too quickly after the publication of the joint review, given the inevitable negative impact of the review on stakeholder confidence in the Health Board. In the meantime, significant challenges remain around clinical and financial sustainability of current service models.

68. The current three-year Operational Plan shows some progress but still lacks clarity on what the impact of proposed actions will be in terms of outcomes, staff numbers, staff roles and responsibilities, and cost or savings. The Health Board needs to ensure that the new three-year plan that is being tested with the Welsh Government will address these gaps.

69. The community changes outlined in *Healthcare in North Wales is Changing* are being implemented, but suspicion from some key stakeholders is exacerbated by the slow roll-out of new enhanced community services. The board and senior leadership team recognise the need to rebuild confidence amongst key external stakeholders and partners, particularly during a period where strategic plans are not yet clear, and work has started on this.

70. My work this year has also found that there are still some key gaps in internal controls, although there is evidence that some progress is being made. I referred earlier to breaches in SFIs found and investigated under the 'No Purchase Order: No pay' policy. My team also noted:

- five CPGs still have 'caveats' on their budgets; and
- it is positive that compliance with key policies is now being reported, although some CPGs and corporate support functions are poorly complying with key policies.

71. I note that that the Health Board has evolved the content of its corporate risk register during the year to ensure that key risks are properly captured, for example around Obstetrics and Gynaecology in Glan Clwyd Hospital. The Health Board needs to ensure that filtering of the corporate risk register does not result in the board being unsighted of important risks and that risks are disclosed publically as appropriate.

The Health Board recognises it's arrangements to capture learning from feedback are inadequate, and is in the early stages of developing a way forward

72. A particular focus of my Structured Assessment work in 2013 across Wales was the arrangements NHS bodies had in place to capture and learn from patient and staff views.

73. The Health Board has a range of mechanisms to capture service user feedback. A range of mechanisms, including picker survey; use of volunteers to undertake dignity surveys; comments cards; a small number of patient fora (eg maternity and cancer); and the Health Board is starting to use all-Wales survey methodology. In addition, arrangements have been changed to bring patient experience, complaints and incidents teams together under one management structure. Whilst this collectively represents a positive body of work, my team has identified opportunities to strengthen arrangements and make them more systematic. Currently there are no clear linkages between the work highlighted above and wider community engagement work undertaken by the Health Board. My team also noted that the Health Board's service user experience strategy remains in draft. More generally, the analysis of findings and triangulation between areas is ad hoc, and that the Health Board needs to demonstrate more explicitly that services have changed as a result of learning from user feedback.

74. I found recent evidence that trends and linkages are being made between complaints and incidents, and the arrangements to capture and manage complaints now comply with most standards, but medical engagement in these processes is variable. The Welsh Risk Pool reports improved processes from a poor baseline but very limited evidence that lessons are learnt. I noted CPG capacity to support the small central team is very limited and the quality (and timeliness) of responses to complaints and concerns varies significantly. The variable medical engagement with the complaints process can contribute to delays in responses. My team's focus groups with all three emergency departments indicated that resolving informal patient concerns at team or department level was possible, but wider cross-CPG or organisational resolution was very difficult.

75. Despite policies and systems to report incidents, poor compliance both with processes and reviews hampers the organisation's ability to learn lessons and stimulate improvement. The electronic Datix system is in place, and is used for reporting incidents, but staff report issues with the system 'timing out', variable engagement from medical staff, and poor feedback on actions or progress with issues raised. I noted that not all CPGs are compliant with Datix or risk management processes; and although the approach to root-cause analysis and mortality reviews has recently been standardised across the Health Board by the Acting Medical Director, previously the processes were variable across the Health Board.

76. I found the monitoring of action plans from incidents and reviews needs to be strengthened, and there was limited systematic spread of lessons across the organisation, and evidence that mistakes are being repeated. For example missing patient wristbands had led to misidentification of patients on separate occasions, and this had contributed to insulin administration to a non-diabetic patient.

77. The limited arrangements that exist to deal with staff concerns are not effective, but the Health Board is aware of deficiencies and intends to address them as it implements the new all-Wales policy. The weaknesses in the previous policy manifests in practice on the ground, with informal and alternative mechanisms also used, and very limited awareness raising taking place. There is reliance on CPGs to report upwards and maintain appropriate records but this does not always happen in practice. This meant that not all 'whistleblowing cases' were recorded on the register, and perhaps not surprisingly there was no mechanism to capture themes from staff concerns (both formal and informal) and align with patient concerns or incidents or improvement work. There was limited evidence of learning from whistleblowing events, and the staff survey results indicate lessons are not learnt and staff were not confident that change will happen as a result of concerns being raised.

78. In overall terms, the Health Board approach to capturing service user and staff feedback approach needs to be more systematic and more needs to done ensure learning and action as a result. A key barrier is the variable medical staff engagement with processes, which raises questions about how clinical accountability is being reinforced within the Health Board. In order for the Health Board to address these issues it will need to ensure that it devotes sufficient resources and capacity towards the analysis of the issues and themes emerging from incidents, complaints and concerns, both centrally and at the CPG level. The mechanisms to provide feedback to staff on action taken to address the concerns they have raised also needs to be strengthened.

Further work is needed to strengthen the Health Board's quality governance processes

79. The other particular focus of my 2013 Structured Assessment work across Wales was the overall quality governance arrangements that existed within NHS bodies.

80. Historically, compared to some other health boards, the Health Board was defensive in response to criticism or challenge, and although senior leadership now shows a clear commitment to more openness, shifting this culture will take time. Some of the important building blocks are in place to support this shift, such as Improving Quality Together; board walk arounds; and dignity and respect work. There is good impact from the 1,000 Lives+ initiatives and the mini collaborative work streams, and publically accessible board and committee papers.

81. Importantly, the board recognises it could do more. The Executive Nursing Director is leading work that aims to review and strengthen Q&S governance arrangements, but there is much to do and the Health Board needs to ensure it has sufficient capacity to maintain these activities. For example, board member walk arounds are not as frequent or well attended as in some other health boards, perhaps reflecting capacity issues at board level. Another example is the management and reporting of risk at CPG level, which requires strengthening.

82. I found emerging evidence that working arrangements of the Q&S Committee are improving, building on work started earlier in 2013. However, the fundamental review of its subcommittee structure and operational quality management arrangements is still ongoing and will be completed by April 2014.

83. In particular the Q&S Committee recently approved a new risk-based programme for future agendas, which will alternate (monthly) between corporate issues and CPG scrutiny. My staff's most recent observation at this committee shows improved scrutiny, positive challenge, a good understanding of the issues, and better agenda management. The proposed new arrangements look promising, but more clarity is required on subcommittee structures to ensure all key risks are covered, and provide full assurance to the committee and ultimately the board. The Clinical Executive Group proposals are also positive, although attendance and participation will be critical to its success. I also noted that gaps may remain in the assurances received by Q&S. For example, the information provided by Clinical Effectiveness Subcommittee provides does not provide an overall assurance statement from the subcommittee, and it is necessary to 'dig' through minutes to ascertain what assurances can be taken from the subcommittee's work. It is worthy of note that similar problems had previously been identified in the way the Infection Control Subcommittee was working, and that these had contributed to the failures in infection control management that have been publically reported.

84. More positively I found that Q&S information has significantly improved in 2013 in terms of availability, presentation, depth and coverage, but triangulation of information could be strengthened and more evidence needs to be provided on the action being taken to drive improvement when problems are identified.

85. There is now a clear Q&S report which includes within Wales benchmarking and appropriate intra Health Board comparisons at hospital site and CPG level. The quality report is now publically available, and positively includes improved infection control information. My work did, however, find gaps in information on the quality of commissioned services and also on primary and community services, although there are plans to address this in 2014.

86. The Annual Quality Statement (AQS) approved in September 2013 provides an opportunity to report to the public in an open and honest way. Much effort has gone into the AQS, and positively there is good coverage across a number of areas, and although the language is formal, issues and weaknesses are identified alongside better areas of performance. In common with other health boards, there are, however, opportunities for further improvement:

- There is no identification of an overall 'quality framework', although different assurance providers are adequately identified.
- The document appears to be a management assurance report, rather than a publically facing document. In particular, as a public-facing document, the report needs to be shorter and pithier. The charts and the technical language could be confusing to the public and the summary could be improved and key messages could be better signposted.

- The AQS recognises some areas where performance could be better but some local health boards have demonstrated more candour in setting out where things did not go well and the actions being taken.

My other performance audit work has identified scope to secure improvements in the use of resources in specific areas

The Health board's performance against a range of quality, accessibility and efficiency indicators is variable

87. This year's Structured Assessment has included an analysis of centrally available performance data on key service targets. This data has been used to assess the extent to which the Health Board is delivering good-quality, economical and accessible services for patients. The Health Board's performance is very mixed, with the Health Board's performance against some indicators of quality of care and timely and accessible services relatively poor. The Health Board is in the Welsh Government's escalation for a number of Tier One targets, as these broad averages mask significant variation at the hospital and site level.

88. Efficiency and cost measures compared to other NHS bodies in Wales shows a mixed performance:

- there are some areas of good performance on elective efficiency measures compared to the rest of Wales – for example, elective length of stay, day of admission surgery, day surgery rates and outpatient did not attends;
- other areas where performance is typical for Wales, such as expenditure on healthcare per head of population, estate backlog maintenance, and out-of-date equipment; and
- there are other areas where performance needs to improve, such as sickness absence rates, length of stay for emergency admissions, and ambulance handovers.

89. Quality and patient experience measures do not compare well as judged by performance on a number of quality indicators: stroke bundles, healthcare-acquired infections and Risk Adjusted Mortality Index.

90. I also found that timeliness and accessibility measures are mixed with:

- relatively good performance on cancer targets (although the Health Board still does not meet the Welsh targets);
- emergency departments performing above the Welsh average on access, despite higher numbers of attenders and an aging demographic (although again the Welsh targets are not being achieved); and
- poor performance on referral to treatment time targets, with a high percentage waiting over 26 and 36 weeks, and an overall deterioration of performance against access targets since 2009.

91. The Health Board recognises it needs to improve the efficiency of services and commissioned support from Deloitte to assist its planning. In particular this review identified that efficiency gains were capable of delivering substantial savings, when benchmarking against best quartile in the UK, and improving patient pathways will deliver both quality and efficiency gains. The key challenge ahead is to use this information through plans to drive improvement.

The Health Board has set a clear short-term agenda for primary care prescribing, with arrangements providing a foundation for an integrated approach across sectors; however the lack of a longer-term strategic plan limits the potential to improve the safety, quality and economy of primary care prescribing

92. While planning arrangements have provided an effective focus for short-term operational needs, there has been limited progress in developing a long-term strategic approach to primary care prescribing, and consequently delivery plans are not sufficiently targeted at high-impact areas. The Pharmacy and Medicines Management CPG has an annual Operational Plan which sets out the main activities for the year, grouped by five key local strategic themes from the Health Board's five-year plan. Since our fieldwork, the CPG has published an overarching plan for the period 2013-2016, which they recognise as a work-in-progress. They recognise this as work in progress and more work is required in order to set out a clear long-term strategic direction for primary care prescribing.

93. There was early establishment of staff responsibilities at the interface between primary and secondary care following the creation of the Health Board in 2009, and work is ongoing to help ensure better management of prescribing across sectors, although there have been no fundamental changes in the way services are delivered. The main focus of the primary care medicines management team is on the implementation and delivery of the Quality and Outcomes Framework and Local Enhanced Services, however, it is less clear how activities are strategically prioritised and directed.

94. Managerial accountability for primary care medicines management is clear and current organisational arrangements provide a foundation for further integration across the interface between primary and secondary care. For example there are three primary care prescribing teams, based across two counties, linking with local district general hospitals and community hospitals. The teams cover 14 primary care localities across two counties. During the course of our work it became clear that GPs place a high value on the professional support provided to them by the primary care prescribing teams, including where this extends to the provision of education. However, prescribing team staff said that, while they would like to, they are not in a position to devote more time to this type of activity. This suggests that there is a need to consider how a greater focus on working directly with GPs and practices can be achieved.

95. There are opportunities to strengthen the use of existing resources to improve the quality and cost of primary care prescribing. A good example is a Health Board-wide formulary is in the latter stages of development, with 75 per cent of key areas having been covered within two years. Formulary development has been a considerable undertaking, bringing together the separate arrangements that existed previously across three trusts. While it has taken time to reach this stage, the work generated positive engagement across each therapeutic area.

96. The Health Board achieved the largest reduction in prescribing spend in Wales in the last financial year, and its position in relation to some other indictors is good. However, the Health Board performs relatively poorly on a number of key indicators. This means there are opportunities to secure both cost and quality improvements in primary care prescribing. For example, my team identified opportunities to save around £690,000 on generic prescribing if performance matched the best in Wales.

97. Importantly, the Health Board has one of the highest rates of antibiotic prescribing in Wales and local GPs prescribe relatively fewer of the top nine antibacterials that are the most appropriate treatment for common infections seen in primary care. A more targeted approach to identify high use and to educate primary care prescribers is required. The comparative performance of the Health Board in relation to the prescription of antimicrobials will need to be considered alongside the wider expert review of infection control that the Health Board has commissioned following the difficulties that have been experienced with *C. Difficile*.

98. In addition, my team found little evidence of consistent and robust approach to the reporting of adverse drug reactions and medication incidents.

The Health Board has made steady and sustained improvement against issues identified in previous IM&T audit work, although less progress has been secured against audit recommendations in other areas

99. During the last 12 months, I have undertaken follow-up audit work to assess the progress that the Health Board has made in addressing concerns and recommendations arising from previous audit work in specific areas of service delivery. The findings from the follow-up work are summarised in Exhibit 2.

100. My team has worked with Health Board staff to support Health Board management implement recommendations from previous audit years by supporting the development of an external audit recommendations tracking tool. Short progress updates are now available at every Audit Committee on most previous recommendations. My team reviewed update reports from CPGs and corporate support functions on unscheduled care and locum doctors at various stages throughout the year. Whilst my work shows some limited progress across a number of areas, there are still substantial areas where progress is urgently needed. My team will continue to support the Health Board develop these tools in 2014. I will include a formal follow-up of one area where regular updates are not provided to the Audit Committee in my 2014 audit outline. I will complete my follow-up work on ward staffing and outpatients early in 2014.

Exhibit 2: Progress in implementing audit recommendations

Area of follow-up work	Conclusions and key audit findings
IM&T arrangements	I found that IM&T arrangements continue to develop to support operational delivery, leadership and governance, and are gathering pace. However, strategic direction is hampered by slow progress with the national programme, access to capital and wider organisational issues. In reaching this conclusion I found: • The department has priorities and a five-year plan, but there is no clear link to Health Board priorities. In part, this is linked to the lack of an overall IM&T strategy. • I did find good operational plans, with clear IM&T leadership accountability and governance arrangements are developing and gathering pace. • Legacy systems remain in place, with some rationalisation, but further progress is dependent on the national programme and investment in new systems.
Hospital catering and patient nutrition	My findings from this follow-up report lead me to conclude that the Health Board had taken action in a number of areas but the pace of response was not sufficient and a number of my recommendations remain outstanding. Of the 20 recommendations that my team reviewed in this follow-up, the Health Board had completed five in full, while 15 remain in progress. My follow-up highlighted three main areas of concern which related to timeliness and effectiveness of responding to recommendations: • In 2011, I specifically highlighted a significant patient safety concern relating to food temperature at wards not meeting guidelines because of the use of old non-heated trolleys to transport food. This issue had the potential to increase the risk of food poisoning caused by food contaminated by bacteria such as salmonella or E. coli or a virus such as norovirus. It took the Health Board two years to respond to this urgent issue. The recommendation was addressed in full in January 2013. • My recommendations do not always include deadlines. This enables a degree of flexibility for health boards to best respond in a way that integrates required actions into local business plans, so that ownership of actions rests fully with the departments and services. Nevertheless, it was two years between issuing the final report, and this report, and I expect all remedial action to be taken within this time. • Oversight and scrutiny of recommendations and actions: linked to the point above, the Health Board needed to strengthen the process of oversight, to ensure that it responds to regulators' recommendations quickly and effectively.

Appendix 1

Reports issued since my last Annual Audit Report

Report	Date
Financial audit reports	
Audit of Financial Statements Report	June 2013
Opinion on the Financial Statements	June 2013
Opinion on the Whole of Government Accounts Return	July 2013
Opinion on the Summary Financial Statements	September 2013
Audit of Financial Statements – Detailed Report	September 2013
Audit of Financial Statements Report – Charity	September 2013
Performance audit reports	
Hospital Catering and Patient Nutrition	March 2013
Primary Care Prescribing	July 2013
Data Backup Diagnostic	November 2013
Structured Assessment	December 2013
Other reports	
Outline of Audit Work for 2013	April 2013
An Overview of Governance Arrangements – Joint Review Undertaken by HIW and the Wales Audit Office	June 2013
Joint Internal Audit/Wales Audit Office investigation into potential procurement irregularities	August 2013
Medra Correspondence	September 2014

There are also a number of performance audits that are still underway at the Health Board. These are shown below, with estimated dates for completion of the work.

Report	Estimated completion date
Orthopaedics	May 2014
Outpatients Follow-up	April 2014
Ward Staffing Follow-up	May 2014
Clinical Coding	June 2014
Community Nursing	July 2014

Appendix 2

Audit fee

The Outline of Audit Work for 2013 set out the proposed audit fee of £492,049 (excluding VAT). My latest estimate of the actual fee, on the basis that some work remains in progress, is in accordance with the fee set out in the outline.

Appendix 3

Financial audit risks

My Outline of Audit Work for 2013 set out the key financial audit risks for 2013. The table below lists these risks and sets out how they were addressed as part of the audit.

Financial audit risk	Work done and outcome
The financial duty of the Health Board is to contain annual expenditure within a predetermined resource limit. The statutory target will be in place for both revenue and capital. The Health Board must ensure good financial management in the period to meet its own financial targets for 2012-13.	I reviewed the Health Board's financial management arrangements and significant financial standing issues. I concluded that the Health Board met its financial duty but this was only achieved due to additional Welsh Government in-year resource funding and the delivery of savings, although the approach was not sustainable.
The timetable for producing and certifying the annual accounts remains demanding. The Health Board will need to put in place appropriate arrangements to prepare the accounts and ensure adequate working papers are provided for audit on a timely basis.	I reviewed the closedown plan and assessed the arrangements in place to prepare the accounts and working papers on a timely basis. I did not identify any issues to report.
The annual accounts are compiled under International Financial Reporting Standards (IFRS) and NHS Manual for Accounts. The Health Board must have a full understanding of these requirements, keeping up to date with changes, and ensuring that risks and issues are identified and dealt with appropriately.	I reviewed the annual accounts against the requirements of IFRS and NHS Manual for Accounts. I concluded that in all material respects the annual accounts were prepared in line with the standards and Welsh Government guidance.
On 1 June 2012, the Health Board's exchequer functions hosted at Alder House and the Welsh Risk Pool transferred to the NHS Wales Shared Services Partnership. The Health Board must properly account for the transfer in its annual accounts.	I reviewed the transfer of the Health Board's exchequer functions and the Welsh Risk Pool to the NHS Wales Shared Services Partnership. I did not identify any issues to report.
The Health Board has a duty to ensure that robust accounting records and internal controls are in place to ensure the regularity and lawfulness of transactions.	I reviewed the robustness of the Health Board's accounting records and internal controls in place to ensure the regularity and lawfulness of transactions. I did not identify any material weaknesses in the Health Board's internal controls, although I established that the Health Board's SFIs were breached on a number of occasions during the year. I was satisfied that none of those breaches either individually or in totality adversely impacted on the regularity opinion.

Financial audit risk	Work done and outcome
Strong corporate governance arrangements are required for the Health Board to ensure procedures and arrangements are in place to manage its finances in accordance with the guidance in the Welsh Government's e-governance manual.	I reviewed corporate governance arrangements to determine if they were working effectively to meet objectives, deliver improvements, maintain probity and avoid conflicts of interest. I did not identify any issues to report.

WALES AUDIT OFFICE

SWYDDFA ARCHWILIO CYMRU

Wales Audit Office
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: info@wao.gov.uk

Website: www.wao.gov.uk

Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

E-bost: info@wao.gov.uk

Gwefan: www.wao.gov.uk